

APPENDIX 2

EXEMPTIONS FROM MISSOURI'S SALES AND USE TAX

	SPECIFIC TAX EXEMPTION	Statute Ref. #
1	Sales <i>in commerce</i> between this state and any other state or between this state and any foreign country	144.030.1
2	Motor fuel or special fuel subject to an excise tax of this state, unless all or part of such excise tax is refunded pursuant to §142.584	144.030.2(1)
3	Fuel to be consumed in manufacturing or creating gas, power, steam, electrical current, or in furnishing water to be sold ultimately at retail	144.030.2(1)
4	Feed for livestock or poultry which is to be used in feeding of livestock or poultry to be sold ultimately in processed form or otherwise at retail. Livestock includes cattle, calves, sheep, swine, ratite birds (ostrich and emu), aquatic organisms, elk documented as obtained from a legal source and not from the wild, goats, horses, other equine, and rabbits raised in confinement for human consumption	144.030.2(1) 144.010.1(4)
5	Seed, limestone, or fertilizer which is to be used for seeding, liming or fertilizing crops which when harvested will be sold at retail or will be fed to livestock or poultry to be sold ultimately in processed form at retail	144.030.2(1)
6	Economic poisons registered under the provisions of the Missouri pesticide registration law which are to be used in connection with the growth or production of crops, fruit trees, or orchards applied before, during, or after planting, the crop of which when harvested will be sold at retail or will be converted into foodstuffs which are to be sold ultimately in processed form at retail	144.030.2(1)
7	Materials, manufactured goods, machinery and parts which when used in manufacturing or fabricating become a component part or ingredient of the new personal property resulting from such manufacturing, processing compounding, mining, producing, or fabricating and which new personal property is intended to be sold ultimately for final use or consumption	144.030.2(2)
8	Materials, including without limitation, gases and manufactured goods, including without limitation, slagging materials and firebrick, which are ultimately consumed in the manufacturing process by blending, reacting or interacting with or by becoming, in whole or in part, component parts or ingredients of steel products intended to be sold ultimately for final use or	144.030.2(2)

	consumption	
9	Materials, replacement parts and equipment purchased for use directly upon, and for the repair and maintenance or manufacture of, motor vehicles, watercraft, railroad rolling stock or aircraft engaged as common carriers of persons or property	144.030.2(3)
10	Replacement machinery, equipment, and parts and the materials solely required for the installation or construction of such replacement machinery, equipment, and parts, used directly in manufacturing, mining, fabricating or producing a product which is intended to be sold ultimately for final use or consumption	144.030.2(4)
11	Machinery and equipment and the materials and supplies required solely for the operation, installation or construction of such machinery and equipment, purchased and used to establish new, or to replace or expand existing, material recovery processing plants in this state	144.030.2(4)
12	Machinery and equipment, and parts and the materials and supplies solely required for the installation or construction of such machinery and equipment, purchased and used to establish new or to expand existing manufacturing, mining or fabricating plants in the state if such machinery and equipment is used directly in manufacturing, mining or fabricating a product which is intended to be sold ultimately for final use or consumption	144.030.2(5)
13	Tangible personal property which is used exclusively in the manufacturing, processing, modification or assembling or products sold to the United States government or to any agency of the United States government	144.030.2(6)
14	Animals or poultry used for breeding or feeding purposes	144.030.2(7)
15	Newsprint, ink, computers, photosensitive paper and film, toner, printing plates and other machinery, equipment, replacement parts and supplies used in producing newspapers published for dissemination of news to the general public	144.030.2(8)
16	Rentals of films, records or any types of sound or picture transcriptions for public commercial display	144.030.2(9)
17	Pumping machinery and equipment used to propel products delivered by pipelines engaged as common carriers	144.030.2(10)
18	Railroad rolling stock for use in transporting persons or property in interstate commerce	144.030.2(11)
19	Motor vehicles licensed for a gross weight of 24,000 pounds or more or trailers used by common carriers , as defined in Section 390.020, RSMo, solely in the transportation of persons or property in interstate commerce	144.030.2(11)
20	Electrical energy used in the actual primary manufacture, processing, compounding, mining or producing of a product, or electrical energy used in the actual secondary processing or	144.030.2(12)

	fabricating of the product, or a material recovery processing plant, if the total cost of electrical energy so used exceeds 10 percent of the total cost of production, either primary or secondary, exclusive of the cost of electrical energy so used or if the raw materials used in such processing contain at least 25 percent recovered materials as defined in Section 260.200	
21	Anodes which are used or consumed in manufacturing, processing, compounding, mining, producing or fabricating and which have a useful life of less than one year	144.030.2(13)
22	Machinery, equipment, appliances and devices purchased or leased and used solely for the purpose of preventing, abating or monitoring air pollution , and materials and supplies solely required for the installation, construction or reconstruction of such machinery, equipment, appliances and devices, and so certified by the director of the department of natural resources	144.030.2(14)
23	Machinery, equipment, appliances and devices purchased or leased and used solely for the purpose of preventing, abating or monitoring water pollution , and materials and supplies solely required for the installation, construction or reconstruction of such machinery, equipment, appliances and devices, and so certified by the director of the department of natural resources	144.030.2(15)
24	Tangible personal property purchased by a rural water district	144.030.2(16)
25	Amounts paid or charged for admission or participation or other fees paid by or other charges to individuals in or for any place of amusement, entertainment or recreations, games and athletic events, including museums, fairs, zoos and planetariums, owned or operated by a municipality or other political subdivision where all the proceeds derived therefrom benefit the municipality or other political subdivision and do not inure to any private person, firm, or corporation	144.030.2(17)
26	All sales of insulin	144.030.2(18)
27	Prosthetic or orthopedic devices as defined on January 1, 1980, by the federal Medicare program pursuant to Title XVIII of the Social Security Act of 1965, including the items specified in Section 1862(a)(12) of that act, and also specifically including hearing aids and hearing aid supplies	144.030.2(18)
28	Drugs which may be legally dispensed by a licensed pharmacist only upon a lawful prescription of a practitioner licensed to administer those items, including samples and materials used to manufacture samples which may be dispensed by a practitioner authorized to dispense such samples	144.030.2(18)
29	Medical oxygen , home respiratory equipment and accessories	144.030.2(18)
30	Hospital beds and accessories	144.030.2(18)
31	Ambulatory aids , manual and powered wheelchairs, and stairway lifts	144.030.2(18)

32	Braille writers and electronic Braille equipment	144.030.2(18)
33	If purchased by or on behalf of a person with one or more physical or mental disabilities to enable them to function more independently, all sales of scooters, reading machines, electronic print enlargers and magnifiers	144.030.2(18)
34	Electronic alternative and augmentative communication devices	144.030.2(18)
35	Items used solely to modify motor vehicles to permit the use of such motor vehicles by individuals with disabilities	144.030.2(18)
36	Sales of over-the-counter or nonprescription drugs to individuals with disabilities	144.030.2(18)
37	Sales made by or to religious and charitable organizations and institutions in their religious, charitable or educational functions and activities	144.030.2(19)
38	Sales made by or to all elementary and secondary schools operated at public expense in their educational functions and activities	144.030.2(19)
39	Sales of aircraft to common carriers for storage or for use in interstate commerce	144.030.2(20)
40	Sales made by or to not-for-profit civic, social, service or fraternal organizations , including fraternal organizations which have been declared tax exempt organizations pursuant to Section 501(c)(8) or (10) of the 1986 Internal Revenue Code, as amended, solely in their civic or charitable functions and activities	144.030.2(20)
41	Sales made to eleemosynary and penal institutions and industries of the state	144.030.2(20)
42	Sales made to any private not-for-profit institution of higher education not otherwise excluded pursuant to subdivision (19) of Section 144.030.2 or any institution of higher education supported by public funds	144.030.2(20)
43	Sales made to a state relief agency in the exercise of relief functions and activities	144.030.2(20)
44	Ticket sales made by benevolent, scientific, and educational associations which are formed to foster, encourage, and promote progress and improvement in the science of agriculture and in the raising and breeding of animals	144.030.2(21)
45	Ticket sales by nonprofit summer theater organizations if such organizations are exempt from federal tax pursuant to the provisions of the Internal Revenue Code	144.030.2(21)
46	Admission charges and entry fees to the Missouri state fair or any fair conducted by a county agricultural and mechanical society organized and operated pursuant to Sections 262.290 to 262.530, RSMo	144.030.2(22)
47	Sales made to any private not-for-profit elementary or secondary school	144.030.2(22)

48	Feed additives, medications, or vaccines administered to livestock or poultry in the production of food or fiber. See #4 above for the definition of "livestock."	144.030.2(22)
49	Pesticides used in the production of crops, livestock, or poultry for food or fiber including adjuvants such as crop oils, surfactants, wetting agents and other assorted pesticide carriers used to improve or enhance the effect of a pesticide and the foam used to mark the application of pesticides and herbicides for the production of crops, livestock or poultry	144.030.2(22)
50	Bedding used in the production of livestock or poultry	144.030.2(22)
51	Propane or natural gas, electricity, or diesel fuel used exclusively for drying agricultural crops for food or fiber	144.030.2(22)
52	New or used farm tractors and such other new or used farm machinery and equipment (other than airplanes, motor vehicles, and trailers) and repair or replacement parts thereon and lubricants used exclusively for such farm machinery and equipment and one-half of each purchaser's purchase of diesel fuel therefor which is: (a) Used exclusively for agricultural purposes; (b) Used on land owned or leased for the purpose of producing farm products; and (c) Used directly in producing farm products to be sold ultimately in processed form or otherwise at retail or in producing farm products to be fed to livestock or poultry to be sold ultimately in processed form at retail	144.030.2(22)
53	Except for local taxes imposed by cities or counties under Section 144.032, RSMo all sales of metered water service, electricity, electrical current, natural, artificial or propane gas, wood, coal or home heating oil for domestic use and in any city not within a county, all sales of metered or unmetered water service for domestic use	144.030.2(23)
54	Handicraft items made by the seller or the seller's spouse if the seller or the seller's spouse is at least 65 years of age, and if the total gross proceeds from such sales do not constitute a majority of the annual gross income of the seller	144.030.2(24)
55	Excise taxes , collected on sales at retail, imposed by Sections 4041, 4061, 4071, 4081, 4091, 4161, 4181, 4251, 4261 and 4271 of Title 26, United States Code.	144.030.2(25)
56	Fuel consumed or used in the operation of ships, barges, or waterborne vessels which are used primarily in or for the transportation of property or cargo, or the conveyance of persons for hire, on navigable rivers bordering on or located in part in this state, if such fuel is delivered by the seller to the	144.030.2(26)

	purchaser's barge, ship, or waterborne vessel while it is afloat upon such river	
57	Sales made to an interstate compact agency created pursuant to Sections 70.370 to 70.430, RSMo, (Bi-State Development Agency) or Sections 238.010 to 238.100, RSMo, (Kansas City Area Transportation Authority) in the exercise of the functions and activities of such agency as provided pursuant to the compact	144.030.2(27)
58	Computers, computer software and computer security systems purchased for use by architectural or engineering firms headquartered in this state. For the purposes of this exemption, "headquartered in this state" means the office for the administrative management of at least four integrated facilities operated by the taxpayer is located in the state of Missouri	144.030.2(28)
59	Livestock sales when either the seller is engaged in the growing, producing, or feeding of such livestock, or the seller is engaged in the business of buying and selling, bartering, or leasing of such livestock	144.030.2(29)
60	Barges which are to be used primarily in the transportation of property or cargo on interstate waterways	144.030.2(30)
61	Electrical energy or gas, whether natural, artificial or propane, which is ultimately consumed in connection with the manufacturing of cellular glass products	144.030.2(31)
62	Pesticides or herbicides used in the production of crops, aquaculture, livestock, or poultry;	144.030.2(32)
63	Tangible personal property purchased for use or consumption directly or exclusively in the research and development of prescription pharmaceuticals consumed by humans or animals	144.030.2(33)
64	Grain bins for storage of grain for resale	144.030.2(34)
65	Feed which are developed for and used in the feeding of pets owned by a commercial breeder when such sales are made to a commercial breeder, as defined in Section 273.325, RSMo, and licensed pursuant to Sections 273.325 to 273.357, RSMo	144.030.2(35)
66	Purchases by a contractor on behalf of an entity located in another state , provided that the entity is authorized to issue a certificate of exemption for purchases to a contractor under the provisions of that state's laws.	144.030.2(36)
67	Materials purchased by a contractor for the purpose of fabricating tangible personal property which is used in fulfilling a contract for the purpose of constructing, repairing, or remodeling facilities for the following: (a) An exempt entity located in this state, if the entity is one of those entities able to issue project exemption certificates in	144.030.2(36)

	accordance with the provisions of Section 144.062, RSMo; or (b) An exempt entity located outside the state if the exempt entity is authorized to issue an exemption certificate to contractors in accordance with the provisions of that state's law and the applicable provisions of this section	
68	Tangible personal property purchased for use or consumption directly or exclusively in research or experimentation activities performed by life science companies and so certified as such by the director of the Department of Economic Development or the director's designees; except that, the total amount of exemptions certified pursuant to this section shall not exceed one million three hundred thousand dollars in state and local taxes per fiscal year. For purposes of this exemption, the term "life science companies" means companies whose primary research activities are in agriculture, pharmaceuticals, biomedical or food ingredients, and whose North American Industry Classification System (NAICS) Codes fall under industry 541710 (biotech research or development laboratories), 621511 (medical laboratories) or 541940 (veterinary services). The exemption provided by this subdivision shall expire on June 30, 2003.	144.030.2(37)
69	Tax imposed on food shall be at the rate of one percent (plus constitutionally imposed tax of .225 percent)	144.014
70	Electrical energy or gas, whether natural, artificial, or propane, which is ultimately consumed in connection with basic steelmaking in Missouri and the processing and fabricating thereof by the same steelmaker at such maker's integrated plant (includes a phase-out)	144.036
71	Sales at retail made through the use of federal food stamp coupons	144.037
72	Sales at retail for which federal government coupons or vouchers under the supplemental feeding for women, infants, and children program are used as payment	144.038
73	Purchases of all tangible personal property made by, or on behalf of, a state senator or state representative if such purchases are made from funds in such state senator's or state representative's state expense account	144.039
74	Charges for admissions, as defined in Section 144.010, RSMo to any of the games of the 1994 World Cup Soccer Tournament which are held in any county of the first classification having a charter form of government which contains all or any part of a city with a population of at least 350,000 inhabitants	144.041
75	New light aircraft, light aircraft kits , parts or components manufactured or substantially completed within this state, when	144.043

	such new light aircraft, light aircraft kits, parts or components are sold by the manufacturer to a purchaser who is nonresident of this state, who will transport the light aircraft, light aircraft kit, parts or components outside this state within ten days after the date of purchase, and who will register any light aircraft so purchased in another state or country	
76	Court transcripts, depositions , compressed transcripts, exhibits, computer disks containing any such item, and all copies of any such item, which are prepared by a court reporter	144.045
77	Separately measured electrical current to manufacturers of batteries in this state for conversion to stored chemical energy in new lead-acid storage batteries solely for the purpose of providing an initial charge in such batteries during the manufacturing process but not for the purpose of recharging any previously manufactured batteries	144.046
78	Aircraft used solely for aerial application of agricultural chemicals	144.047
79	Nondomestic game birds sold for the purpose of sport hunting prior to January 1, 1995	144.048
80	Tangible personal property and materials for the purpose of constructing, repairing or remodeling facilities for: (1) a county, other political subdivision or instrumentality thereof exempt from taxation under subdivision (10) of section 39 of article III of the Constitution of Missouri; or (2) an organization sales to which are exempt from taxation under the provisions of subdivision (19) of subsection 2 of Section 144.030, RSMo; or (3) any institution of higher education supported by public funds or any private not-for-profit institution of higher education, exempt from taxation under subdivision (20) of subsection 2 of Section 144.030, RSMo; or (4) any private not-for-profit elementary or secondary school exempt from taxation under subdivision (22) of subsection 2 of Section 144.030, RSMo, if the purchases are related to the entities' exempt functions and activities	144.062
81	Charges for admissions as defined in Section 144.010, RSMo, to any of the events of the United States Olympic Festival to be held in 1994 in the state of Missouri	144.514
82	Textbooks , as defined by Section 170.051, RSMo, when such textbook is purchased by a student who possesses proof of current enrollment at any Missouri public or private university, college, or other postsecondary institution of higher learning offering a course of study leading to a degree in the liberal arts, humanities or sciences or in a professional, vocational or technical field, provided that the books which are exempt from state sales tax are those required or recommended for a class. This exemption does not apply to any locally imposed sales or	144.517

	use tax.	
83	Machines or parts for machines used in a commercial, coin-operated amusement, and vending business where sales tax is paid on the gross receipts derived from the use of commercial, coin-operated amusement, and vending machines	144.518
84	Sales of aviation jet fuel in a given calendar year to common carriers engaged in the interstate air transportation of passengers and cargo, and the storage, use and consumption of such aviation jet fuel by such common carriers, if such common carrier has first paid to the state of Missouri, in accordance with the provisions of this chapter, state sales and use taxes pursuant to the foregoing provisions and applicable to the purchase, storage, use or consumption of such aviation jet fuel in a maximum and aggregate amount of \$1.5 of state sales and use taxes in such calendar year (expires on December 31, 2003)	144.805
85	The purchase or storage by any common carrier engaged in the interstate air transportation of persons and cargo of tangible personal property, other than catered food and beverage products purchased for in-flight consumption and aviation jet fuel, within the state of Missouri, which tangible personal property is purchased or stored in the state of Missouri and is subsequently transported out of state by the common carrier and is used by the common carrier in the conduct of its business as a common carrier	144.807
86	Any new tax or increase in any state or local sales or use tax rate, which tax or increase was not in effect on December 30, 1987, on the sale, storage, use or consumption of aviation jet fuel at or upon airports within the state of Missouri, which airports are recipients of federal grant funds, have submitted applications for or have been approved for federal grant funds, or which are otherwise eligible to apply for federal grant funds	144.809
87	Equipment purchased by a federally licensed commercial or public broadcast station when such equipment purchase is made as a result of federal mandate and the technological change that results	144.811
88	Bullion and investment coins	144.815
89	The isolated or occasional sale of tangible personal property, service, substance, or thing, by a person not engaged in such business, unless the total amount of the gross receipts from such sales, exclusive of receipts from the sale of tangible personal property by persons which property is sold in the course of the partial or complete liquidation of a household, farm or nonbusiness enterprise, exceeds \$3,000 in any calendar year	144.010.1(2)
90	Sales by the Missouri Department of Transportation	144.010.1(6)

91	Sales of computer printouts, computer output, microfilm , or microfiche and computer-assisted photo compositions to a purchaser to enable the purchaser to obtain for his or her own use the desired information contained in such items	144.010.1(10)
92	The transfer by one corporation of substantially all of its tangible personal property to another corporation pursuant to a merger or consolidation effected under the laws of the state of Missouri or any other jurisdiction	144.011.1(1)
93	The transfer of tangible personal property incident to the liquidation or cessation of a taxpayer's trade or business, conducted in proprietorship, partnership or corporate form, except to the extent any transfer is made in the ordinary course of the taxpayer's trade or business	144.011.1(2)
94	The transfer of tangible personal property to a corporation solely in exchange for its stock or securities	144.011.1(3)
95	The transfer of tangible personal property to a corporation by a shareholder as a contribution to the capital of the transferee corporation	144.011.1(4)
96	The transfer of tangible personal property to a partnership solely in exchange for a partnership interest therein	144.011.1(5)
97	The transfer of tangible personal property by a partner as a contribution to the capital of the transferee partnership	144.011.1(6)
98	The transfer of tangible personal property by a corporation to one or more of its shareholders as a dividend, return of capital, distribution in the partial or complete liquidation of the corporation or distribution in redemption of the shareholder's interest therein	144.011.1(7)
99	The transfer of tangible personal property by a partnership to one or more of its partners as a current distribution, return of capital or distribution in the partial or complete liquidation of the partnership or of the partner's interest therein	144.011.1(8)
100	The transfer of reusable containers used in connection with the sale of tangible personal property contained therein for which a deposit is required and refunded on return	144.011.1(9)
101	The purchase by persons operating eating or food service establishments , of items of a nonreusable nature which are furnished to the customers of such establishments with or in conjunction with the retail sales of their food or beverage	144.011.1(10)
102	The purchase by persons operating hotels, motels, or other transient accommodation establishments , of items of a nonreusable nature which are furnished to the guests in the guests' rooms of such establishments and such items are included in the charge made for such accommodations	144.011.1(11)
103	Charges for initiation fees or dues to: (a) Fraternal beneficiaries societies, or domestic fraternal	144.011.1(13)

	<p>societies, orders or associations operating under the lodge system a substantial part of the activities of which are devoted to religious, charitable, scientific, literary, educational or fraternal purposes; or</p> <p>(b) Posts or organizations of past or present members of the armed forces of the United States or an auxiliary unit or society of, or a trust or foundation for, any such post or organization substantially all of the members of which are past or present members of the armed forces of the United States or who are cadets, spouses, widows, or widowers of past or present members of the armed forces of the United States, no part of the net earnings of which inures to the benefit of any private shareholder or individual</p>	
104	The value of any item traded-in , which is subtracted from the taxable amount of the item purchased	144.025
105	The price of any motor vehicle, trailer, boat, or outboard motor sold by the owner if the owner purchases a subsequent motor vehicle, trailer, boat, or outboard motor within 180 days before or after the date of the sale of the original article	144.025
106	The amount of the insurance proceeds plus any owner's deductible obligation, as certified by the insurance company, which is a credit against the purchase price of another motor vehicle, trailer, boat, or outboard motor which is purchased or is contracted to purchase within 180 days of the date of payment by the insurance company as a replacement motor vehicle, trailer, boat, or outboard motor	144.027
107	Forty percent of the purchase price of a new manufactured home	144.044
108	Telephone surcharges imposed to recoup the costs of deaf relay services and distribution programs	209.255
109	Flexible cellulose casings manufactured from cotton linters used and consumed directly in the production of meat or poultry food products intended for human consumption (hotdogs), if the manufacturer recycles the casings	260.285
110	<p>Boats or vessels documented by the United States Coast Guard or other agency of the federal government and operated on the waters of this state that pay the in lieu watercraft tax. The "in lieu" tax imposed is based on the price of the boat, as follows:</p> <p>\$50,000 or less --\$650.00</p> <p>\$50,001 to \$100,000 --\$1,250.00</p>	306.016

	<p>\$100,001 to \$150,000 --- \$1,850.00</p> <p>\$150,001 to \$200,000--- \$2,450.00</p> <p>\$200,001 and above ---\$3,050.00</p>	
111	State or local admission fees imposed upon excursion gambling boat operators that are collected from each passenger boarding such excursion gambling boat	313.821
112	Any property paid for out of the funds of any county or other political subdivision	Mo Const Art III, Sec 39
	Other Transactions Excluded From Tax	
113	The sale of intangible personal property and all services not specifically mentioned in Section 144.020, RSMo are not subject to tax. This includes the sale of all custom software and all software delivered electronically (e.g., downloaded off the internet). Canned software sold on a tangible medium (e.g., a CD) is considered tangible personal property and is subject to tax.	144.010 and 144.020
114	The sale of real estate, including fixtures , is not subject to tax. This includes items that are sold affixed to real estate (e.g. carpeting and other floor coverings). The same items sold without installation are considered tangible personal property and are subject to tax.	144.010 and 144.020
115	Sales for resale are not subject to tax. The Missouri Supreme Court and the Administrative Hearing Commission have extended this exclusion to items purchased by a business and transferred to its customers in the course of providing a service to the customers (including food and consumables used by hotels, promotional items given away at ballparks, and, most recently, electricity used in hotel rooms).	144.010.1(10)